Government of Saskatchewan

Annual Report 2002-2003

Saskatchewan Agricultural Stabilization Fund

Saskatchewan
Our Future is Wide Open

Letters of Transmittal

To Her Honour
The Honourable Lynda Haverstock
Lieutenant Governor of the Province of Saskatchewan

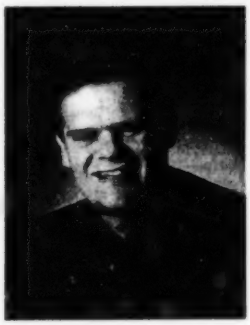
Madam:

I have the honour to present the Annual Report of the Saskatchewan Agricultural Stabilization Fund for the fiscal year ended March 31, 2003.

Respectfully submitted,

Clay Serby

Clay Serby
Deputy Premier
Minister of Agriculture, Food and Rural Revitalization



The Honourable Clay Serby
Deputy Premier
Minister of Agriculture, Food and Rural Revitalization

Sir:

I have the honour to submit the annual report of the Saskatchewan Agricultural Stabilization Fund for the twelve months ending March 31, 2003.

Respectfully submitted,

Gord Nystuen

Gord Nystuen
Deputy Minister
Agriculture, Food and Rural Revitalization

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The Saskatchewan Agricultural Stabilization Fund

The Saskatchewan Agricultural Stabilization Fund is established under *The Farm Financial Stability Act*.

The purpose of the Fund is to administer those programs established under the Act, which enhance or stabilize the incomes of Saskatchewan farmers or the returns from commodities produced by Saskatchewan farmers.

The Fund administers each program that is set up under it by establishing a separate account, which receives funding from the provincial government and, for most programs, the federal government, and pays out these funds according to the specific program regulations.

The Fund operates the following seven accounts, which are established by the regulations noted:

- Waterfowl Damage Compensation Program Account – *The Waterfowl Damage Compensation Program Regulations.*
- New Crops Insurance Account – *The New Crops Insurance Program Regulations.*
- Big Game Damage Compensation Program Account – *The Big Game Damage Compensation Program Regulations.*
- The Agricultural Income Disaster Assistance and Canadian Farm Income Program Account – *The AIDA and CFIP Program Regulations.*
- Unseeded Acreage Benefit Account – *The Unseeded Acreage Benefit Program Regulations.*
- Canada-Saskatchewan Adjustment Program (CSAP I) Account – *The Canada-Saskatchewan Adjustment Program Regulations.*
- Canada-Saskatchewan Assistance Program (CSAP II) Account – *The Canada-Saskatchewan Assistance Program Regulations.*

Waterfowl Damage Compensation Program

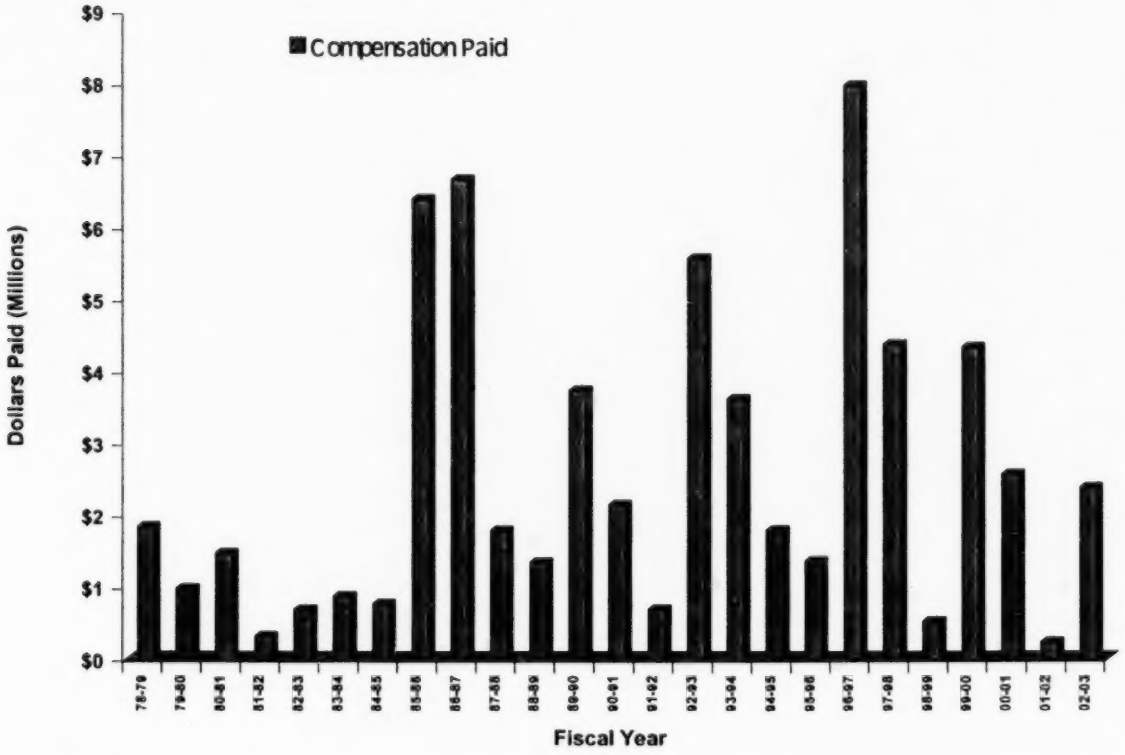
The Waterfowl Damage Compensation Program is administered by the Saskatchewan Crop Insurance Corporation. Producers who suffer crop losses from the damage caused by ducks, geese and sandhill cranes can file a claim.

Any Saskatchewan producer, with or without a crop insurance contract, is eligible to receive compensation for crops damaged by waterfowl.
Compensation covers 85 per cent of the incurred loss.

Payments are based on the grade of the crop at the time of harvest to adequately reflect the value of the damaged crop, subject to a $200 deductible per crop.

There are no costs or premiums paid by the producer.

Historic Waterfowl Damage Compensation



Annual Waterfowl Damage Compensation Summary

YEAR	Claims	Compensation Paid	$/Claim
78-79	1,586	$1,836,587	$1,158
79-80	908	$977,476	$1,077
80-81	1,233	$1,465,480	$1,189
81-82	305	$312,061	$1,023
82-83	582	$684,593	$1,176
83-84	541	$869,910	$1,608
84-85	408	$763,530	$1,871
85-86	2,544	$6,389,022	$2,511
86-87	2,950	$6,658,769	$2,257
87-88	1,210	$1,779,933	$1,471
88-89	807	$1,337,903	$1,658
89-90	1,384	$3,727,130	$2,693
90-91	760	$2,138,380	$2,814
91-92	392	$683,391	$1,743
92-93	2,040	$5,557,642	$2,724
93-94	1,560	$3,603,156	$2,310
94-95	1,668	$1,778,556	$1,066
95-96	709	$1,352,767	$1,908
96-97	2,416	$7,951,921	$3,291
97-98	1,077	$4,361,668	$4,050
98-99	298	$520,360	$1,746
99-00	1,600	$4,309,428	$2,693
00-01	1,132	$2,559,440	$2,261
01-02	164	$233,093	$1,421
02-03	781	$2,368,893	$3,033
TOTAL	**29,055**	**$64,221,089**	
Average	**1,162**	**$2,568,844**	**$2,210**
5 Year Average	**795**	**$1,998,243**	**$2,513**

New Crops Insurance Program

In 1997, Saskatchewan created the New Crops Insurance Program under the Saskatchewan Crop Insurance Corporation (SCIC.)

The New Crops Insurance Program expanded the list of insurable crops to include new types of crops, such as dry beans, which were previously uninsured. As such, there was no historical data available in order to meet the requirements of the regular crop insurance program.

The New Crops Insurance Program allows SCIC to be more proactive in accommodating producers' insurance needs as they diversify their own operations in response to market signals and opportunities. Given some of the additional uncertainty attached to these crops, coverage is limited to 70 per cent and not all features of the traditional insurance program are available for these crops. It is expected that, over time, these commodities will be moved into the traditional program.

Alfalfa seed, coriander and caraway (biennial) were all insurable crops under the 2002 New Crop Insurance program. (Chickpeas were moved to the regular crop insurance program in 2002). All new crops are insured for yield loss; chickpeas are insured for both quality and quantity.

A producer's production guarantee is determined using the provincial average yield for the new crop.

Premium cost-sharing is the same for new crops as the regular crop insurance program. Producers have the option of selecting coverage levels of 50, 60 or 70 per cent. SCIC requires producers who grow these crops to follow a number of industry-recommended agronomic practices regarding seeding dates, seed treatment, crop rotations and other management practices in order to be eligible for insurance.

The New Crops Insurance Account within the Saskatchewan Agricultural Stabilization Fund is accessed when, in any given year, the indemnities to be paid out by SCIC exceed the premiums collected for New Crops. The resulting shortfall is paid from the Account to SCIC. In addition the Account is to pay to SCIC the costs for reinsurance arrangements for that year. Any surplus in the Account is allowed to carryover to subsequent fiscal years.

Big Game Damage Compensation Program

The Big Game Damage Compensation Program is administered by the Saskatchewan Crop Insurance Corporation.

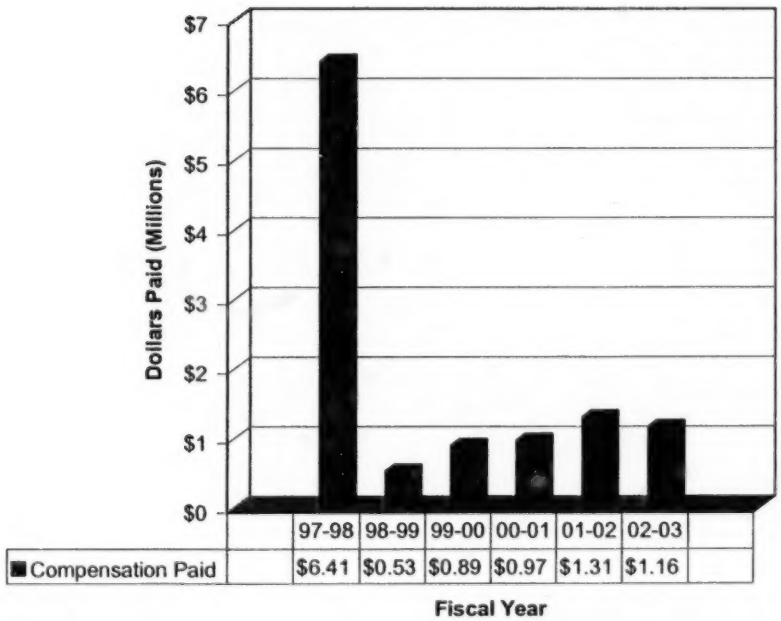
Producers who suffer severe crop losses from the damage caused by white-tailed deer, mule deer, antelope, elk, moose, or bears, can file a claim.

Any Saskatchewan producer, with or without a crop insurance contract is eligible to receive compensation for crops damaged by big game.

Compensation covers 85 per cent of the incurred loss. Payments are based on the grade of the crop at the time of harvest to adequately reflect the value of the damaged crop, subject to a $200 deductible per crop.

There are no costs or premiums paid by the producer.

Historic Big Game Damage Compensation



Annual Big Game Damage Compensation Summary

	YEAR	Claims	Compensation Paid	$/Claim
	97-98	1,671	$6,412,426	$3,837
	98-99	264	$529,955	$2,007
	99-00	400	$893,760	$2,234
	00-01	383	$968,948	$2,530
	01-02	612	$1,306,835	$2,135
**	02-03	393	$1,164,098	$2,962
	TOTAL	**3,723**	**$11,276,022**	
	Average	**621**	**$1,879,337**	**$3,026**

** Excludes estimated claims of $8.2 million to be finalized in the spring of 2003.

Canadian Farm Income Program (CFIP)

The Canadian Farm Income Program (CFIP) announced in July of 2000 runs for three years, and applies to the 2000, 2001 and 2002 tax years.

CFIP is the successor to the Agricultural Income Disaster Assistance (AIDA) program and has only minor program differences.

AIDA was a two-year program that covered the 1998 and 1999 tax years. The federal government continues to administer CFIP through the CFIP Administration in Winnipeg with a satellite processing office in Regina.

CFIP is a whole farm income support program that provides payments to producers when their claim year margin drops below 70 per cent of their previous three-year average or five year Olympic average gross margin. (Gross margin is revenue less cash operating expenses.)

For the 2001 claim year, the CFIP Administration received applications from 13,594 Saskatchewan producers, down from 17,448 for the previous year.

As of March 31, 2003, 13,450 claims had been processed, representing 99 per cent of claims received from Saskatchewan for the 2001 claim year. Of the claims processed, 52 per cent (7,090) were eligible for payments (versus 44 per cent of 2000 claims, 56 per cent of 1999 AIDA claims and 43 per cent of 1998 AIDA claims.).

As of March 31, 2003, the claims eligible for payment from Saskatchewan for the 2001 claim year received average payments of $17,834.

Total payments to Saskatchewan producers for the 2001 claim year are $126.9 million. This compares to total paid claims for the 2000 claim year of $107.7 million; $226.1 million (excluding negative margin payments) for 1999 AIDA; and $136.5 million for 1998 AIDA (excluding negative margin payments that were made solely by the federal government).

The federal government administers AIDA and continues to administer DFIP.

Unseeded Acreage Benefit

The Unseeded Acreage Benefit Program was in place for the 1999 crop year only and, therefore, no activity occurred in this Account in 2002-03.

Canada-Saskatchewan Adjustment Program (CSAP I)

The CSAP I Program was in place for the 1998 stabilization year only and, therefore, no activity occurred in this Account in 2002-03.

Canada-Saskatchewan Assistance Program (CSAP II)

The CSAP II Program was in place only for the 1999 stabilization year and, therefore, activity in 2002-03 was limited as it dealt with claims outstanding due to various reasons such as appeals.

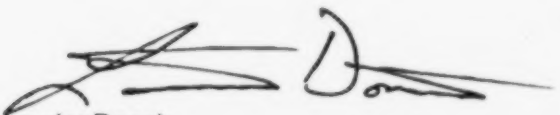
Management's Responsibility for the Financial Statements

The accompanying financial statements of the Saskatchewan Agricultural Stabilization Fund (Fund) have been prepared by management in accordance with Canadian generally accepted accounting principles, using management's best estimates and judgments where appropriate.

The Fund's management is responsible for the reliability and integrity of these financial statements and other information in this Annual Report. Financial information in the Annual Report is consistent with that provided in these financial statements.

In discharging its responsibility for the reliability and integrity of these financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained.

The Fund's external auditor, KPMG LLP, has audited these financial statements and conducted a review of internal accounting policies and procedures to the extent required to enable them to express an opinion on these financial statements.



Laurier Donais
Senior Manager, Financial Systems,
Corporate Services Branch
Saskatchewan Agriculture, Food and
Rural Revitalization

May 13, 2003

KPMG LLP
Chartered Accountants
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AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of financial position of Saskatchewan Agricultural Stabilization Fund as at March 31, 2003 and the statements of operations, changes in net financial assets (liabilities) and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Regina, Canada
May 13, 2003

Financial Statements 2002 - 2003

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tement of Financial Position
at March 31

	Waterfowl Damage Compensation Program		New Crops Insurance Program		Big Game Damage Compensation Program		AIDA-CFIP
	2003	2002	2003	2002	2003	2002	2003
ıANCIAL ASSETS							
sh	$ 135,866	$ 69,350	$ —	$ —	$ 115,759	$ 75,926	$ —
estments (note 4)	6,400,000	8,700,000	—	—	3,000,000	4,150,000	—
e from Province of Saskatchewan							
- General Revenue Fund (note 3)	—	—	8,651,046	23,732,408	—	—	82,481,652
crued interest and other receivables	8,414	8,248	395,956	122,220	10,085	217	—
	$ 6,544,280	$ 8,777,598	$ 9,047,002	$ 23,854,628	$ 3,125,844	$ 4,226,143	$ 82,481,652
BILITIES							
counts payable and accrued liabilities	—	387	—	—	855	857	—
emnities Payable	500,000		—	—	8,200,000		—
e to the Saskatchewan Crop Insurance Corporation	—	—	—	701,921	—	—	—
e to Government of Canada	—	—	—	—	—	—	73,847,229
ferred revenue	6,648,595	8,083,042	2,071,452	10,898,017	—	2,775,587	—
	7,148,595	8,083,429	2,071,452	11,599,938	8,200,855	2,776,444	73,847,229
T FINANCIAL ASSETS (LIABILITIES)	$ (604,315)	$ 694,169	$ 6,975,550	$ 12,254,690	$ (5,075,011)	$ 1,449,699	$ 8,634,423

e accompanying notes to financial statements

Program	Unseeded Acreage Benefit Program		Canada-Saskatchewan Adjustment Program (CSAP I)		Canada-Saskatchewan Assistance Program (CSAP II)		Total	
2002	2003	2002	2003	2002	2003	2002	2003	2002
—	$ —	—	$ —	—	$ 118,990	154,699	$ 370,615	$ 299,975
—	—	—	—	—	—	—	9,400,000	12,850,000
80,365,242	—	—	—	—	—	—	91,132,698	104,097,650
—	—	—	—	—	294	614	414,749	131,299
$ 80,365,242	$ —	$ —	$ —	$ —	$ 119,284	$ 155,313	$ 101,318,062	$ 117,378,924
—	—	—	—	—	—	—	855	1,244
—	—	—	—	—	—	—	8,700,000	—
—	—	—	—	—	—	—	—	701,921
80,313,500	—	—	—	—	—	—	73,847,229	80,313,500
—	—	—	—	—	—	—	8,720,047	21,756,646
80,313,500	—	—	—	—	—	—	91,268,131	102,773,311
$ 51,742	$ —	$ —	$ —	$ —	$ 119,284	$ 155,313	$ 10,049,931	$ 14,605,613

Saskatchewan Agricultural Stabilization Fund

Statement of Operations and Changes in Net Financial Assets (Liabilities)
For the Year Ended March 31

	Waterfowl Damage Compensation Program		New Crops Insurance Program		Big Game Damage Compensation Program		AIDA-CFIP
	2003	2002	2003	2002	2003	2002	2003
Revenue							
Interest income	$ 135,962	$ 415,980	$ 605,236	$ 865,679	$ 63,801	$ 257,161	$ —
Province of Saskatchewan - General Revenue Fund grant programs	—	—	—	—	—	—	56,300,000
Government of Canada	1,434,447	116,547	8,826,565	1,159,840	2,775,587	653,418	—
	1,570,409	532,527	9,431,801	2,025,519	2,839,388	910,579	56,300,000
Expenses							
Indemnities	2,868,893	233,093	1,074,032	200,457	9,364,098	1,306,835	—
Reinsurance premiums	—	—	—	1,732,609	—	—	—
Grants to producers	—	—	—	—	—	—	—
Transfers to the Government of Canada	—	—	—	—	—	—	61,354,228
Administration	—	—	—	—	—	—	—
	2,868,893	233,093	1,074,032	1,933,066	9,364,098	1,306,835	61,354,228
Excess (Deficiency) of revenue over expenses for the year	(1,298,484)	299,434	8,357,769	92,453	(6,524,710)	(396,256)	(5,054,228)
Net financial assets, beginning of year	694,169	9,394,735	12,254,690	12,162,237	1,449,699	7,845,955	51,742
Transfers between programs (note 5)	—	(9,000,000)	(13,636,909)	—	—	(6,000,000)	13,636,909
Net financial assets (liabilities), end of year	$ (604,315)	$ 694,169	$ 6,975,550	$ 12,254,690	$ (5,075,011)	$ 1,449,699	$ 8,634,423

See accompanying notes to financial statements

Program		Unseeded Acreage Benefit Program		Canada-Saskatchewan Adjustment Program (CSAP I)		Canada-Saskatchewan Assistance Program (CSAP II)		Total	
2002	2003	2002	2003	2002	2003	2002	2003	2002
$ —	$ —	$ —	$ —	$ 49,060	$ 3,760	$ 672,611	$ 808,759	$ 2,260,491
90,644,000	—	—	—	—	—	59,400,000	56,300,000	150,044,000
—	—	—	—	—	—	138,600,000	13,036,599	140,529,805
90,644,000	—	—	—	49,060	3,760	198,672,611	70,145,358	292,834,296
—	—	—	—	405,037	—	—	13,307,023	2,145,422
—	—	—	—	—	—	—	—	1,732,609
—	—	—	—	—	39,660	200,073,979	39,660	200,073,979
105,592,258	—	—	—	—	—	—	61,354,228	105,592,258
—	—	—	—	—	129	401,569	129	401,569
105,592,258	—	—	—	405,037	39,789	200,475,548	74,701,040	309,945,837
(14,948,258)	—	—	—	(355,977)	(36,029)	(1,802,937)	(4,555,682)	(17,111,541)
—	—	—	—	2,314,227	155,313	—	14,605,613	31,717,154
15,000,000	—	—	—	(1,958,250)	—	1,958,250	—	—
$ 51,742	$ —	$ —	$ —	$ —	$ 119,284	$ 155,313	$ 10,049,931	$ 14,605,613

Saskatchewan Agricultural Stabilization Fund

Statement of Cash Flows
For the Year Ended March 31

	Waterfowl Damage Compensation Program		New Crops Insurance Program		Big Game Damage Compensation Program		AIDA-CFIP
	2003	2002	2003	2002	2003	2002	2003
Cash Flows from operating activities:							
Cash receipts from the Government of Canada	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Cash receipts from the General Revenue Fund	—	—	—	—	—	—	—
Funds held by the General Revenue Fund	—	—			—	—	56,300,000
Interest received	135,796	416,058	331,500	1,124,585	53,932	259,134	—
Cash paid to the Government of Canada	—	—	—	—	—	—	(67,820,499)
Cash paid to Saskatchewan Crop Insurance	—	—	(1,775,953)	(6,022,316)	—	—	—
Cash paid to producers	(2,369,280)	(240,538)	—	—	(1,164,099)	(1,330,076)	—
Net increase (decrease) in cash and cash equivalents	(2,233,484)	175,520	(1,444,453)	(4,897,731)	(1,110,167)	(1,070,942)	(11,520,499)
Cash and cash equivalents at beginning of year	8,769,350	17,593,830	23,732,408	28,630,139	4,225,926	11,296,868	80,365,242
Transfers between programs (note 5)	—	(9,000,000)	(13,636,909)	—	—	(6,000,000)	13,636,909
Cash and cash equivalents at end of year	$ 6,535,866	$ 8,769,350	$ 8,651,046	$ 23,732,408	$ 3,115,759	$ 4,225,926	$ 82,481,652
Cash and cash equivalents include:							
Cash	$ 135,866	$ 69,350	$ —	$ —	$ 115,759	$ 75,926	$ —
Investments	6,400,000	8,700,000	—	—	3,000,000	4,150,000	—
Due from the Province of Saskatchewan - General Revenue Fund	—	—	8,651,046	23,732,408	—	—	82,481,652
	$ 6,535,866	$ 8,769,350	$ 8,651,046	$ 23,732,408	$ 3,115,759	$ 4,225,926	$ 82,481,652

See accompanying notes to financial statements

Program		Unseeded Acreage Benefit Program		Canada-Saskatchewan Adjustment Program (CSAP I)		Canada-Saskatchewan Assistance Program (CSAP II)		Total	
2002		2003	2002	2003	2002	2003	2002	2003	2002
$ —	$ —	$ —	$ —	$ —	$ —	$ 138,600,000	$ —	$ —	$ 138,600,000
—	—	—	15,798	—	—	—	59,400,000	—	59,415,798
90,644,000								56,300,000	90,644,000
—	—	—	—	—	53,119	4,080	671,997	525,308	2,524,893
(81,520,660)	—	—	(6,994)	—	—	—	—	(67,820,499)	(81,527,654)
—	—	—	(10,492)	—	(204)	(129)	(401,569)	(1,776,082)	(6,434,581)
—	—	—	—	—	(405,037)	(39,660)	(200,073,979)	(3,573,039)	(202,049,630)
9,123,340	—	—	(1,688)	—	(352,122)	(35,709)	(1,803,551)	(16,344,312)	1,172,826
56,241,902	—	—	1,688	—	2,310,372	154,699	—	117,247,625	116,074,799
15,000,000	—	—	—	—	(1,958,250)	—	1,958,250	—	—
$ 80,365,242	$ —	$ —	$ —	$ —	$ —	$ 118,990	$ 154,699	$ 100,903,313	$ 117,247,625
$ —	$ —	$ —	$ —	$ —	$ —	$ 118,990	$ 154,699	$ 370,615	$ 299,975
—	—	—	—	—	—	—	—	9,400,000	12,850,000
80,365,242	—	—	—	—	—	—	—	91,132,698	104,097,650
$ 80,365,242	$ —	$ —	$ —	$ —	$ —	$ 118,990	$ 154,699	$ 100,903,313	$ 117,247,625

Saskatchewan Agricultural Stabilization Fund Notes to the Financial Statements as at March 31, 2003

1. Status of the Fund

The Saskatchewan Agricultural Stabilization Fund (the Fund) was established under *The Farm Financial Stability Act* (the Act).

The following programs exist within the Fund:

New Crops Insurance Program:
The New Crops Insurance Program was established in the 1996-97 fiscal year pursuant to Part IV of the Act and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to compensate the Corporation for insurance losses on new or developmental crops.

Big Game Damage Compensation Program:
The Big Game Damage Compensation Program was established in the 1996-97 fiscal year pursuant to Part IV of the Act and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to compensate producers of commercial agricultural crops for losses to field crops and stacked hay resulting from damage caused by big game.

Waterfowl Damage Compensation Program:
The Waterfowl Damage Compensation Program was established in the 1997-98 fiscal year pursuant to Part IV of the Act and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to compensate producers of commercial agricultural crops for losses to field crops resulting from damage caused by waterfowl.

Agricultural Income Disaster Assistance (AIDA) Program - Canadian Farm Income Program (CFIP):
The AIDA-CFIP Program was established in the 2001-02 fiscal year pursuant to Part IV of the Act and is administered by Saskatchewan Agriculture and Food. The purpose of the program is to facilitate the participation of Saskatchewan in a federal-provincial initiative to enhance or stabilize the income of farmers. This initiative, administered by the Federal Government, is to assist producers facing a serious decline in their profit margins due to circumstances beyond their control.

The AIDA and CFIP programs are virtually the same in program specifications, qualification parameters and administration. The AIDA program was in place for producers' 1998 and 1999 claim year. The CFIP program is in place for producers' 2000, 2001, and 2002 claim years.

Unseeded Acreage Benefit Program:
The Unseeded Acreage Benefit Program was established in the 1999-2000 fiscal year pursuant to Part IV of the Act and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to provide assistance to non-Crop Insurance program participants for the 1999-2000 crop year and were unable to seed on or before June 25, 1999 due to excessive spring moisture conditions.

Canada-Saskatchewan Adjustment Program (CSAP I):
The Canada-Saskatchewan Adjustment Program was established in the 1999-2000 fiscal year pursuant to Part IV of the Act and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to enhance or stabilize the incomes of Saskatchewan farmers.

Canada-Saskatchewan Assistance Program (CSAP II):
The Canada-Saskatchewan Assistance Program was established in the 2001-02 fiscal year pursuant to Part IV of the Act and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to enhance or stabilize the incomes of Saskatchewan farmers.

In the event that these programs terminate, any remaining net assets must be returned to the Government of Saskatchewan's General Revenue Fund.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Investments:
Investments are recorded at cost less any write down required to reflect a permanent impairment in value.

Cash and Cash Equivalents:
Cash and cash equivalents consist of cash, short-term investments with a maturity of 90 days or less, the Fund's bank accounts which are included in the Consolidated Offset Bank Concentration arrangement for the Government of the Province of Saskatchewan (note 3) and all other amounts Due from the Province of Saskatchewan General Revenue Fund.
Revenue Recognition:

Funding received from the Federal Government is considered to be externally restricted and as a result is deferred until the program itself incurs expenses. The Waterfowl and Big Game Damage Compensation programs are intended to be funded 50% by the Federal Government and 50% by the Provincial Government; CSAP I and CSAP II are intended to be funded 70% by the Federal Government and 30% by the Provincial Government and; the New Crops Insurance and Unseeded Acreage Benefit programs are intended to be funded 60% by the Federal Government and 40% by the Provincial Government. Therefore, the amount recognized as revenue from the Federal Government is a percentage of the program expenses, but cannot exceed the amount of funding previously paid by the Federal Government into these programs.

The Fund only administers the Provincial portion of the AIDA and CFIP programs and as a result, the Fund does not record any funding from the Federal Government for AIDA or CFIP.

Funding received from the Province of Saskatchewan is not considered to be externally restricted because the entities are under common control. As a result, grant revenue from the Province of Saskatchewan is recognized when the grant criteria, if any, have been met.

Use of Estimates:
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimated.

3. Due from Province of Saskatchewan General Revenue Fund

The New Crops Insurance Program bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of the Province of Saskatchewan. Interest is earned on these funds at the government's thirty day borrowing rate, and is based on the fund's average daily account balance. The average of the thirty-day borrowing rate was 2.62% (2002 – 3.41%). The Province of Saskatchewan General Revenue Fund pays interest to the fund on a quarterly basis.

The AIDA-CFIP Program funds are deposited in the General Revenue Fund. Interest is not paid on this account.
All other amounts represent short-term receivables from the Province of Saskatchewan General Revenue Fund.

4. Investments

The Fund's investments are:

Maturity	Int. Rate (%)	Waterfowl Damage Compensation Program	Big Game Damage Compensation Program
April 21, 2003	2.09	$5,900,000	$2,500,000
April 7, 2003	1.92	500,000	500,000
Total		$6,400,000	$3,000,000

5. Transfers between programs

In 2002-03, the Minister directed, under the authority of the New Crops Insurance Program Amendment Regulations, 2003, that surplus amounts of $13.6 million in the New Crops Insurance Account be transferred and paid to the AIDA-CFIP Account.

The transfer of $13.6 million from the New Crops Insurance Account combined with the $56.3 million provided from the General Revenue Fund to the AIDA-CFIP Account, allowed the Province to meet its commitment of $70 million for the 2002-03 year under the Federal-Provincial agreement establishing the Canadian Farm Income Program.

This transfer was necessary because during 2002-03, the General Revenue Fund paid 100% of a $13.6 million premium surcharge (which was required as a result of the extension to the program application deadline for the 2002 crop insurance year) to the Saskatchewan Crop Insurance Corporation (SCIC). Since the Federal Government's share of this was 60%, or $8.182 million, this amount of federal funding was taken in as revenue in the New Crops Insurance Program, in order to compensate the Province for the Federal Government's share of the premium surcharge to the SCIC.

In 2001-02, the Minister directed, under the authority of the Waterfowl Damage Compensation Program Regulations and the Big Game Damage Compensation Program Regulations, that surplus amounts of $6 million in the Big Game Damage Compensation Account and $9 million in the Waterfowl Damage Compensation Account be transferred and paid to the AIDA-CFIP Account.
Also during the 2001-02 year, the Minister directed,

under the authority of the Canada-Saskatchewan Adjustment Program Amendment Regulations, 2001, that the surplus amount of $1,958,250 in the CSAP I Program be transferred and paid into the CSAP II Program.

6. Planned results

	Budget 2002-2003 ($000)	Actual 2002-2003 ($000)	Actual 2001-2002 ($000)
Revenue			
New Crops Insurance	8,455	9,431	2,026
Big Game Damage Compensation	590	2,839	911
Waterfowl Crop Damage Compensation	1,560	1,570	533
AIDA-CFIP	70,000	56,300	90,644
CSAP I	—	—	49
CSAP II	—	4	198,673
Expenses			
New Crops Insurance	13,200	1,074	1,933
Big Game Damage Compensation	900	9,364	1,307
Waterfowl Crop Damage Compensation	2,600	2,869	233
AIDA-CFIP	70,000	61,354	105,592
Unseeded Acreage Benefit	—	—	—
CSAP I	—	—	405
CSAP II	—	40	200,476

7. Fair value of financial assets and financial liabilities

The carrying amounts of the following financial assets and financial liabilities approximate fair value due to their short-term nature:

- Cash
- Investments
- Due from the Province of Saskatchewan General Revenue Fund
- Accrued interest and other receivables
- Accounts payable and accrued liabilities
- Due to Saskatchewan Crop Insurance Corporation
- Due to Government of Canada
- Indemnities Payable

8. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies and boards related to the Fund by virtue of common control by the Government of Saskatchewan.

The Saskatchewan Crop Insurance Corporation administers the Waterfowl Damage Compensation, New Crops Insurance, Big Game Damage Compensation, Unseeded Acreage Benefit, Canada-Saskatchewan Adjustment and Canada-Saskatchewan Assistance programs. All of the administration expenses for the Canada-Saskatchewan Assistance Program (CSAP II) were charged by the Saskatchewan Crop Insurance Corporation.

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. Other transactions with related parties and amounts due to or from them are described separately in the financial statements and notes.

In accordance with established government practice, the Fund has not been charged with certain occupancy, financing, administrative, and other costs. These costs have been absorbed by various departmental appropriations and, therefore, no provision for such costs is reflected in these financial statements.

Government of
Saskatchewan

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